

## Message Text

LIMITED OFFICIAL USE

PAGE 01 PANAMA 05262 212141Z  
ACTION ARA-14

INFO OCT-01 ISO-00 SPTA-02 AGRE-00 EB-08 COME-00 STR-07  
CIAE-00 DODE-00 INR-10 NSAE-00 PA-01 ICA-11 SP-02  
L-03 XMB-02 TRSE-00 /061 W  
-----019941 221733Z /41

R 212139Z JUL 78  
FM AMEMBASSY PANAMA  
TO SECSTATE WASHDC 8086  
INFO AMEMBASSY SAN JOSE  
PANCANAL  
USSOUTHCOM

LIMITED OFFICIAL USE PANAMA 05262

E.O. 11652: NA  
TAGS: ECON, EINV, EAGR  
SUBJECT: GOP DIVESTS ITSELF OF A SMALL SUGAR  
HOLDING

1. INFORMED SOURCE HAS ADVISED EMBOFF THAT GOP HAS  
AGREED TO SELL OUT ITS INTERESTS IN THE AZUERO SUGAR  
ENTERPRISE FOR THE SUM OF DOLS. 9.7 MILLION. THE  
ENTERPRISE IS A JOINT VENTURE WITH GOP NOW BELIEVED  
TO BE HOLDING AN 80 PCT INTEREST AND PRIVATE  
INVESTORS 20 PCT.

2. AS PART OF THE AGREEMENT THE GOP WOULD GRANT  
THE AZUERO OWNERS RIGHTS TO SUPPLY A SHARE OF THE  
DOMESTIC SUGAR MARKET OF UP TO 15 PCT, OR ABOUT  
9,000 TONS PER YEAR (15 PCT OF ABOUT 60,000 TONS).  
HERETOFORE AZUERO, LIKE THE 100 PCT GOP-HELD  
SUGAR ENTERPRISES OF THE LA VICTORIA CORP., HAS  
PRODUCED ONLY FOR EXPORT IN THE PAST, LEAVING  
THE PROTECTED DOMESTIC MARKET TO BE SUPPLIED BY  
TRADITIONAL PRIVATE SUGAR PRODUCERS LA ESTRELLA  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 PANAMA 05262 212141Z

AND NACIONAL, AND PAST PRODUCTION HAS BEEN ON THE  
ORDER OF 5,000 TO 6,000 TONS PER YEAR, SO THE  
DOMESTIC SALES RIGHTS ARE AN ATTRACTIVE ASPECT  
OF THE DEAL.

3. THE GOP SHARE OF AZUERO WILL BE PURCHASED  
ENTIRELY OR LARGELY BY PRIVATE INTERESTS CURRENTLY

HOLDING SHARES IN THE EXISTING JOINT VENTURE.  
(THE AZUERO OPERATION IS SMALL COMPARED TO THE  
GOP'S LARGE VICTORIA SUGAR CORP. WHICH IS OVER  
TEN TIMES BIGGER.)  
4. OFFICIALS OF THE TWO PRIVATE SUGAR COMPANIES,  
WHICH UP TO NOW HAVE HAD AN EXCLUSIVE RIGHT TO SUPPLY  
THE DOMESTIC MARKET AT PROFITABLE ARTIFICALLY HIGH  
PRICES, HAVE NOT YET COMMENTED ON THE NEW AGREE-  
MENT WHICH CLEARLY COULD AFFECT THEIR DOMESTIC  
SALES. THESE TWO PRIVATE COMPANIES CURRENTLY HAVE  
BEEN ABLE TO SATISFY DOMESTIC DEMAND WITH ONLY  
ABOUT HALF OF THEIR PRODUCTION, AND MUST EXPORT  
THE REST AT NO PROFIT OR EVEN AT A LOSS. JORDEN

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** SALES, SUGAR, PRIVATE ENTERPRISE, CENTRAL GOVERNMENT, STOCKS (SECURITIES)  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 21 jul 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978PANAMA05262  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780302-0269  
**Format:** TEL  
**From:** PANAMA  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1978/newtext/t19780731/aaaabaek.tel  
**Line Count:** 75  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** e1aa8a6e-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION ARA  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 05 may 2005  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** N/A  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 1920033  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** GOP DIVESTS ITSELF OF A SMALL SUGAR HOLDING  
**TAGS:** ECON, EINV, EAGR, PN  
**To:** STATE  
**Type:** TE  
**vdkgvwkey:** odb://SAS/SAS.dbo.SAS\_Docs/e1aa8a6e-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014